

An aerial photograph of a coastal area. The top half shows a rugged, rocky coastline with brownish-orange rock formations and patches of green vegetation. The water is a deep blue. The bottom half shows a clear, turquoise lagoon or bay. A white sandy beach is visible on the right side. A dark, semi-transparent banner is overlaid across the middle of the image, containing white text. A thin gold line runs diagonally from the top right towards the bottom left, separating the main title area from the update section.

SUPPORTING CONTINUOUS IMPROVEMENT IN ESG OUTCOMES FOR WESTERN AUSTRALIA

UPDATE
JUNE 2023

INTRODUCTION

In November 2021, former Premier Mark McGowan released the Western Australian Government's inaugural Environmental, Social and Governance (ESG) investor information pack, Supporting Continuous Improvement in ESG Outcomes for Western Australia, with an objective to:

- Outline key policy commitments and actions in progress to improve ESG outcomes in Western Australia;
- Reinforce a commitment to achieving the Paris Agreement objective of net-zero emissions by 2050; and
- Demonstrate support to Australia's pursuit of the United Nations Sustainable Development Goals (SDGs).

A supplementary update was then published in May 2022, to inform investors on key ESG initiatives progressed by the Western Australian Government since its release, including through the 2022-23 State Budget. The contents of these two past publications remain relevant, with the purpose of this update again being to inform investors on key ESG initiatives progressed by the Western Australian Government over the past 13 months, including through the 2023-24 State Budget.

CONTENTS

STATE BUDGET AND SDG_s	3
ENVIRONMENT	4
Carbon Transition	5
Climate Adaptation	8
Clean Transportation	8
Conservation and Rehabilitation	9
Circular Economy and Waste Management	10
SOCIAL	11
Social Housing	12
Gender Equality	12
Improving Outcomes for Aboriginal People	13
GOVERNANCE	15
Efficient and Coordinated Institutions	16



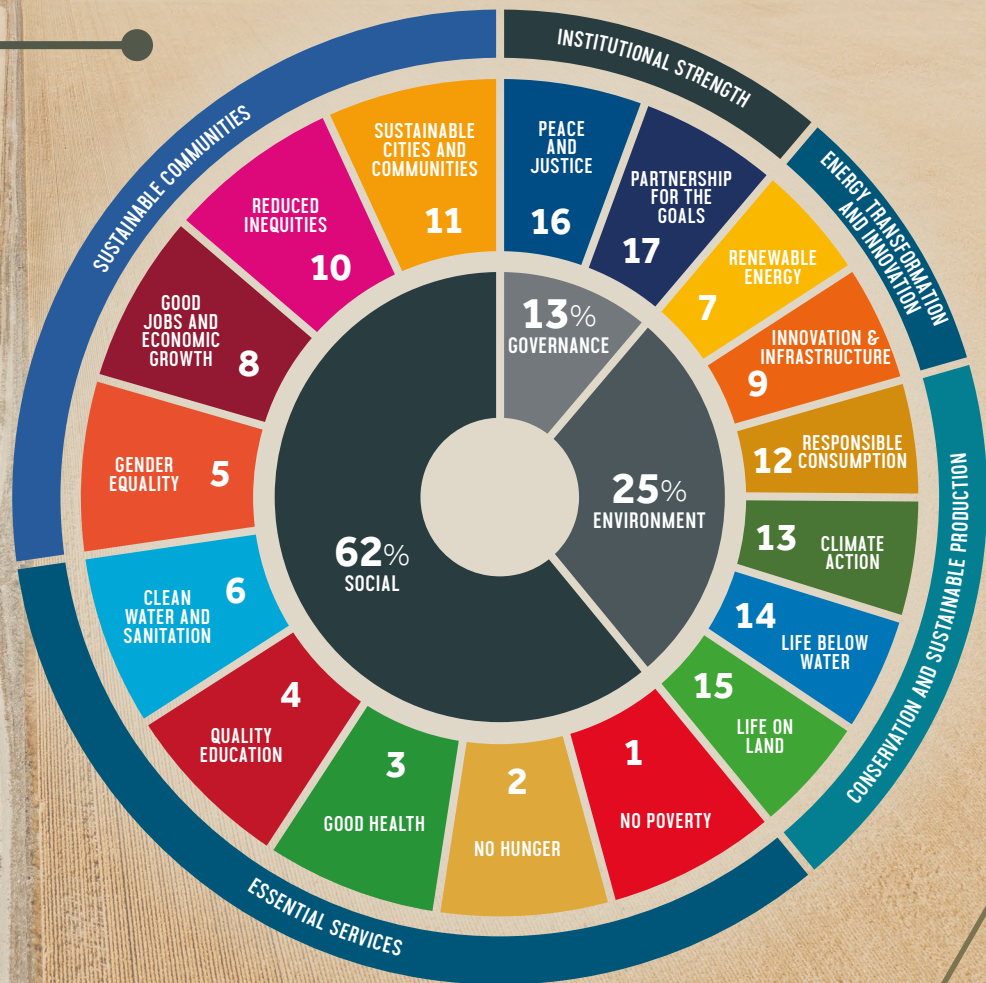
This update will be the last in this series of publications. However, the Western Australian Government is committed to providing meaningful disclosures on its ESG performance and intends to develop a new reporting framework more closely aligned to emerging international standards.

This page - Arklow Trail Network, near Collie South West Tapestry. Cover page - Whales swimming at Dolphin Cove, Esperance. Both photos courtesy of Tourism Western Australia.

2023-24 WESTERN AUSTRALIAN STATE BUDGET: ONGOING COMMITMENT TO PROGRESSING THE SDG_s

Expenditure planned through the State Budget contributes to advancing a broad range of ESG ambitions that relate to objectives within each of the 17 SDGs. This is illustrated to the right, where expenditure within the 2023-24 State Budget has been indicatively aligned to the SDG being progressed.

Meckering Earthquake faultline, Meckering, The Wheatbelt. Photo courtesy of Tourism Western Australia.



An aerial photograph of a coastal area. A large, dark, rocky headland is at the top, with a small sandy beach at its base. The coastline is fringed by dense, vibrant green mangrove forests. The water is a clear, bright turquoise color. The word "ENVIRONMENT" is written in large, white, sans-serif capital letters across the middle of the image, partially over the rocks and the mangroves.

ENVIRONMENT

Yaloon, Mayyalam Marine Park. Photo courtesy of Department of Biodiversity, Conservation and Attractions.

CARBON TRANSITION



Aerial view of Nine Mile Beach, Esperance. Photo courtesy of Tourism Western Australia



PROGRESS OF SECTORAL EMISSIONS REDUCTION STRATEGIES

In consultation with peak industry groups, businesses and research institutes, the Western Australian Government is developing robust and credible pathways and tangible actions for reducing emissions. These [Sectoral Emissions Reduction Strategies](#) will be released by the end of 2023 to facilitate the economy-wide transition to net-zero emissions by 2050. Support to heavy industry has also been fast-tracked, with a \$15 million [Carbon Innovation Grants Program](#) announced in October 2022 to help reduce emissions in these industries.



COMMITMENT TO LEGISLATION TO ACHIEVE NET-ZERO

In the second half of 2023 the Western Australian Government will introduce [climate change legislation](#) to formalise net-zero commitments including the requirement for interim targets, ensure accountability and transparency with annual reporting, and attract and accelerate investment for the net-zero transition.



GOVERNMENT EMISSIONS REDUCTION TARGET AND PHASE OUT OF COAL BY 2030

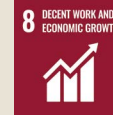
The Western Australian Government has committed to [reducing emissions from its own activities by 80% on 2020 levels by 2030](#). This is highly significant as Western Australian Government direct emissions account for around 10% of total emissions being impacted by State Government ownership of energy intensive assets such as electricity generation, distribution and water infrastructure. This is underpinned by a commitment to investing at least \$3.8 billion in supporting infrastructure to expand renewables and retire [State-owned coal-fired power stations by 2030](#).



PROGRESSING RESEARCH INTO GREEN STEEL OPPORTUNITIES

The recently released [Green Steel Value Chain Assessment](#) identifies five potential pathways for Western Australia to support decarbonisation of the global iron ore to steel value chain. Downstream steel making contributes over 7% of global emissions and in 2022, Western Australia accounted for 38% of global iron ore supply. Through its Value Chain Assessment, the Western Australian Government is developing programs to examine the local iron ore requirements which could allow the transition to Green Steel using natural gas and renewable hydrogen with a 65% to 100% reduction in GHG emissions.

DECARBONISATION OF ELECTRICITY GENERATION AND JUST TRANSITION FOR COAL MINING TOWN



JUST TRANSITION FOR THE TOWN OF COLLIE

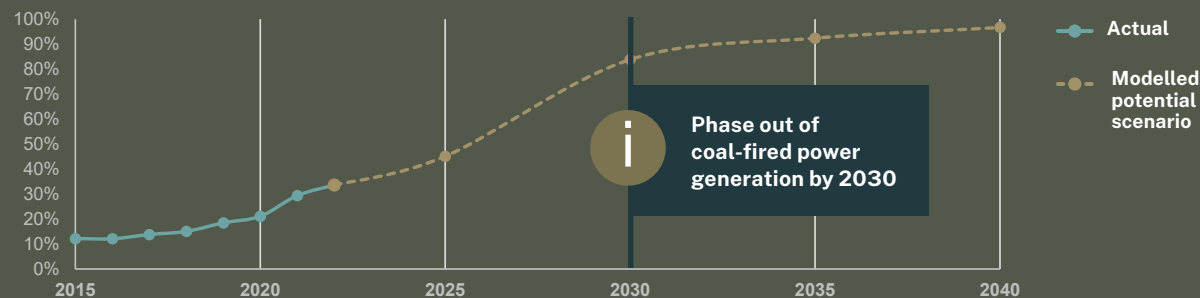
The Western Australian Government has invested \$662 million in [Collie to support transition](#) of the town's workforce as coal mining is progressively phased out. A key objective is to attract new industries including a focus on clean energy. State Government commitment to this has been demonstrated by the decision to construct and operate the 500 MW battery recently approved in the State Budget - one of the biggest in the world - in Collie. Many positive outcomes of the transition plan have already been realised, in particular through the \$38 million committed to [expand and promote tourism attractions](#).



DECARBONISATION OF ELECTRICITY GENERATION

The Western Australian Government is in a unique position within Australia to materially impact emissions reduction through its ownership of electricity generation and distribution assets and responsibility for retailing to households – most notably within the South West Interconnected System (SWIS) that provides electricity to over 85% of the State's resident population. This control and responsibility will facilitate realisation of the commitment to retire State-owned coal-fired power stations by 2030. Related modelling undertaken as part of the [SWIS demand assessment](#) released in May 2023 indicates renewable generation on the SWIS could reach 90% by 2035.

Renewables percentage of SWIS generation



The May 2023 State Budget included \$2.8 billion expenditure for renewables based infrastructure to significantly progress this commitment, with the main items being two massive battery storage systems (500 MW and 200 MW) and two windfarms to deliver 210 MW of generation. This builds on existing projects in progress such as a 100 MW wind farm; the 100 MW 'Big Battery' in the process of being commissioned and; the ongoing roll out of up to 4,000 renewables based standalone power stations replacing poles and wire connections at the fringes of the grid – also improving reliability of power supply and reducing bushfire risk.



RESPONSIBLE EXPANSION OF THE BATTERY AND CRITICAL MINERALS INDUSTRY

Western Australia is playing an increasingly important role as a major global supplier of battery and critical minerals crucial for moving towards a net-zero emissions world, indicated by the State's sales increasing 163% to \$25.2 billion in 2022. Notably, Western Australia is the largest lithium supplier in the world, accounting for 54% of global supply. The Western Australian Government is committed to improving the environmental impacts and traceability of mining and processing battery materials with the recent allocation of land for Australia's first integrated battery material facility and by supporting collaborative net-zero and waste reduction research projects across government, industry and academia.



In June 2022, the Western Australian Government released a Battery and Critical Minerals prospectus which outlines investment opportunities across Western Australia's battery and critical minerals value chains.



DELIVERY OF RENEWABLE HYDROGEN STRATEGY OBJECTIVES

The four goals aspired to by the end of 2022 within the Western Australian Government's Renewable Hydrogen Strategy have been delivered, namely:

- Approval of a renewable hydrogen export project – renewable hydrogen and ammonia plant started construction in the Pilbara region;
- Renewable hydrogen being used in a remote location in Western Australia – Denham Hydrogen Microgrid;
- Renewable hydrogen distributed in a Western Australian gas network – blended supply with natural gas achieved for the City of Cockburn; and
- Availability of a refuelling facility for hydrogen vehicles – ATCO's Clean Energy Innovation Hub in Jandakot.

These and many other innovative projects, such as the successful pressurised hydrogen laboratory testing confirming the technical feasibility of converting a 43 km section of a natural gas pipeline to safely transport 100% hydrogen, have been recipients of grants applied for through the Renewable Hydrogen Fund. This demonstrates the effectiveness this Western Australian Government initiative has had in stimulating innovation and investment to support accelerated progression of a renewable hydrogen industry in Western Australia.

Image right - Oxer Lookout, Karijini National Park Photo courtesy of Tourism Western Australia.

Roll out of E-buses in Perth.
Photo courtesy of Public Transport Authority.

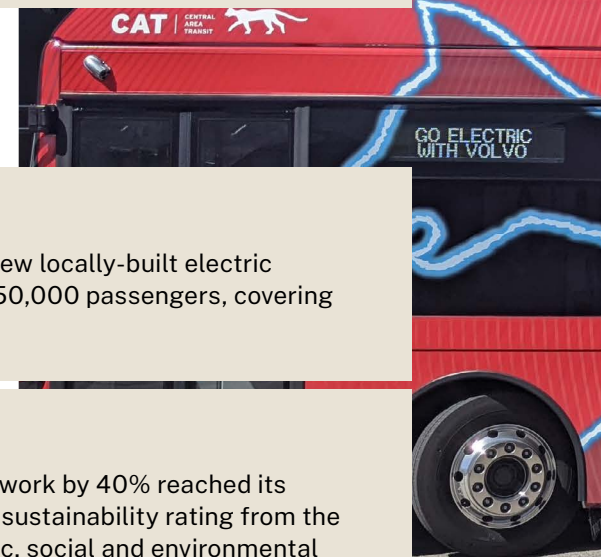


CLIMATE ADAPTATION



In December 2022 the Western Australian Government released [Climate Resilient WA: Directions for the State's Climate Adaptation Strategy](#) and \$39 million has now been committed to progress priority adaptation initiatives. This includes progressing Stage 2 of the [Climate Science Initiative](#), involving a partnership with the Pawsey Supercomputing Research Centre supercomputer to provide the most informed view of potential climate change impacts on Western Australia up to 75 years into the future.

CLEAN TRANSPORTATION



ELECTRIC BUS PROGRAM

To progress electrification of the public transport bus fleet, \$250 million has been allocated to deliver 130 new locally-built electric buses and charging infrastructure. This builds on a successful one year [e-bus trial](#) used by approximately 250,000 passengers, covering 140,000 km and saving 230 tonnes of CO₂ emissions in the process.



BEST SUSTAINABILITY RATING FOR METRONET

The once in multi-generational [METRONET](#) program that will expand the electrified public transport rail network by 40% reached its first major milestone with the new Airport line opening in October 2022. This was also awarded the highest sustainability rating from the [Infrastructure Sustainability Council](#) – Australia's only comprehensive rating system for evaluating economic, social and environmental performance of infrastructure assets.



PROGRESS ON ONE OF THE WORLD'S LONGEST ELECTRIC VEHICLE CHARGING NETWORKS

Development of [Western Australia's fast charging electric vehicle \(EV\) network](#) is well underway with a number of stations already operational and completion expected by early 2024. The network will be one of the longest in the world being almost 7,000 kms and allowing drivers to top up their EV's in as little as 15 minutes (150 kW). EV purchases are [incentivised by consumer rebates](#), with approximately 1,500 applications in the first year of the program, representing rebates of \$5.5 million.

CONSERVATION AND REHABILITATION



Lake Carnegie. Photo courtesy of Department of Biodiversity Conservation and Attractions



NEW NATIVE VEGETATION POLICY AND CONSERVATION ESTATE EXPANSION PROGRESS

Released in May 2022, the [Native Vegetation policy](#) for Western Australia and its [implementation roadmap](#) outline how the Government aims to protect and enhance Western Australia's unique and rich biodiversity, support Aboriginal connection to country and sequester carbon. The Western Australian Government is also in the process of [expanding the conservation estate](#) to 30 million hectares, having added approximately two million hectares of new national parks, marine parks and other conservation reserves over the past two years. A recent addition includes the new [Matuwa Kurrara National Park and Lake Carnegie](#), bringing 811,000 hectares. The reserves will be jointly managed with Martu Traditional Owners and will protect Martu Aboriginal cultural and heritage values in addition to protecting biodiversity, being home to more than 480 plant species.



PROGRESS OF THE 10-YEAR SOFTWOOD PLANTATION INVESTMENT

3,600 hectares of land has been secured to grow [Western Australia's softwood plantation estate](#) as part of a 10-year investment with the potential to sequester up to 7 million tonnes of CO₂ and ensure a sustainable future supply of timber for Western Australia's construction industry following the decision to [end native forest logging from 2024](#). More than 3.3 million genetically superior pine seedlings from the Western Australian Government's successful pinus radiata breeding program are ready for planting this year across the entire estate.



SUSTAINABILITY OF THE STATE'S FISHERIES

Western Australia has enhanced its reputation as a world leader in sustainable fisheries management with the [Greenlip abalone](#) earning the [Marine Stewardship Council \(MSC\)'s certification](#) and the [Western Rock Lobster](#), the first in the world to attain the strict certification - being re-certified for the fifth time in a row. There are now 12 MSC-certified fisheries representing more than 90% of the value of the total wild catch.



CARBON FARMING PROGRESS

The first round of grants totalling \$3.2 million under the [Carbon Farming and Land Restoration Program](#) were completed in August 2022 resulting in ten projects being funded. The projects have the potential to remove approximately 400,000 tonnes of carbon dioxide equivalent from the atmosphere over the next decade and six of the projects are expected to be eligible to generate Australian Carbon Credit Units subject to approval from the Clean Energy Regulator.

CIRCULAR ECONOMY AND WASTE MANAGEMENT



WESTERN AUSTRALIA CONTINUES TO LEAD NATION IN PHASING OUT SINGLE-USE PLASTICS

WWF Australia has acknowledged for the second year running that Western Australia's Plan for Plastics is leading the nation in action against single-use plastics. Stage 1 was completed in October 2022, banning ten items estimated to save 430 million single-use plastics from landfill each year, including an Australian-first ban on plastic cups. Stage 2 regulations came into effect in February 2023 and consist of banning a further ten single-use plastic items such as takeaway container lids, microbeads, and expanded polystyrene packaging – expected to save an additional 700 million items from landfill annually.



COMMITMENT TO BAN E-WASTE DISPOSAL TO LANDFILL BY 2024

Under the proposed initial phase items such as computers, large household equipment (e.g. fridges and washing machines), batteries and mobile phones will be banned from disposal to landfill. Future phases will capture photovoltaic systems (e.g. solar panels). Following public consultation, the implementation of the ban is now in the design and decision-making phase. To complement the ban an E-Waste Infrastructure Grants Program has commenced, with round 1 allocating over \$6.5 million to 21 projects expected to divert more than 17,000 tonnes of e-waste from landfill. Two photovoltaic recycling facilities containing automated recycling equipment for processing solar panels are among the projects to receive funding.



REUSING FOOD WASTE FOR IMPROVED FARMING

Under the Waste Strategy 2030, all local governments in the Perth and Peel regions are being encouraged and supported to adopt better practice kerbside services, including food organics and garden organics (FOGO) collections. A range of initiatives are supporting the FOGO rollout, including recent funding support under the Food Waste for Healthy Soils Fund for three projects to deliver an additional 275,000 tonnes per year of processing capacity to convert FOGO into high-quality soil amendments for farmers. These kinds of initiatives increase resource recovery and progress Western Australia towards a more circular economy, while supporting employment and investment.

Image right - Container Deposit Scheme. Photo courtesy of Department of Water and Environmental Regulation.



SOCIAL

Kurrah Mia, Denmark. Photo courtesy of Tourism Western Australia.

SOCIAL HOUSING



Aboriginal Short Stay Accommodation, Broome. Photo courtesy of Department of Communities.



INCREASING SOCIAL HOUSING PROVISION AND ADDRESSING HOMELESSNESS

The 2023-24 State Budget committed a further \$511 million investment in social housing and homelessness bringing a total of \$2.6 billion since 2018. This will provide 700 additional homes and fund major refurbishments. More than 1,300 social homes have been added since 1 July 2021 which achieves the target set two years prior, with approximately 1,000 currently underway. As part of the new funding, \$49 million is being provisioned for a pilot program to partner with community housing organisations to support people experiencing rough sleeping in regional Western Australia.

GENDER EQUALITY



ADVANCING GENDER DIVERSITY IN THE WORKFORCE

Fostering women in leadership has been an important objective for employment within the Western Australian Government and in 2022 the representation of women within senior executive positions has reached 48% - increasing from just 33% in 2016. The target of 50% women on government boards and committees continues to be met with 52.3% of women holding these positions in 2022. More broadly within Western Australian as a whole women's workforce participation has increased to its highest ever rate of 64.5% in 2022.



GENDER EQUALITY IN WESTERN AUSTRALIAN GOVERNMENT PROCUREMENT

Leveraging on the Western Australian Government's purchasing power to create positive change, a new pilot program to improve gender equality in procurement commenced on 1 July 2022. The pilot requires suppliers to demonstrate they have adequate gender equality policies and practices when tendering for selected government contracts. It also encourages implementation for those that do not have measures in place. In its first year, the 'gender equality clause' has been included in 101 awarded contracts with a total value of \$166.8 million. This initiative is delivering on part of the Second Action Plan under the strategy: Stronger Together - WA's plan for Gender Equality.

IMPROVING OUTCOMES FOR ABORIGINAL PEOPLE



Western Australia is making meaningful progress towards the objectives of the [National Agreement on Closing the Gap](#). Specifically, the initiatives summarised in this section are collectively progressing the:

- target outcomes for items 8, 9 and 15 on the important issues of economic participation, appropriate and affordable housing, connection with land and water; and
- priority reform two - building the community-controlled sector.



ABORIGINAL RANGER PROGRAM – FACILITATING EMPOWERMENT AND PROTECTING COUNTRY

The Aboriginal Ranger Program is now on its 6th round of grants since the launch in 2017 and received a \$16.5 million increase in funding from the 2023-24 State budget. The program has created more than 650 ranger jobs since 2017, of which almost half are women, and supported management of nearly 500 significant cultural sites. A recently released [study of the program on social outcomes](#) has found that it is helping empower Aboriginal people through employment, training and intergenerational knowledge transfer. It is allowing connection to Country and culture whilst increasing self-confidence, pride, gender equality and improved mental and physical health.



EXCEEDING PROCUREMENT TARGETS FOR ABORIGINAL BUSINESSES

In its fourth year, the [Aboriginal Procurement Policy \(APP\)](#) applying to Western Australian Government procurement contracts, has significantly exceeded its target of 3% to Aboriginal businesses in allocating 5.6% of contract awards totalling \$254 million over 2022. Further, the APP also now includes Aboriginal Participation Requirements to leverage government's indirect spending, requiring suppliers interested in contracting with government to commit to achieving minimum levels of Aboriginal employment or Aboriginal businesses subcontracting for government contract's above \$5 million.

IMPROVING POWER AND WATER INFRASTRUCTURE IN REMOTE ABORIGINAL COMMUNITIES

As part of the \$350 million Remote Communities Fund, [transfer of power and water licences](#) in 141 remote Aboriginal communities is being finalised. An initial \$200 million is allocated for upgrades and continued improvements delivered by the State's owned utilities, ensuring more reliable services and improved efficiency – such as benefitting from the integration of renewable energy.

Image right - Bardi Jawi Rangers. Photo courtesy of Department of Biodiversity, Conservation and Attractions.



Bunuru Festival celebrating Aboriginal Culture. Photo courtesy of Development WA.



PROGRESS OF THE SOUTH WEST NATIVE TITLE SETTLEMENT – HISTORIC PARTNERSHIP REACHED

The South West Native Title Settlement is the most comprehensive native title settlement in Australia, covering approximately 200,000 square kilometres and holding a financial worth of approximately \$1.3 billion. Arrangements in relation to the South West conservation estate, Aboriginal heritage places, economic participation and community development have commenced following significant milestones having been reached in the last two years. It includes a historic partnership in December 2022 between the Western Australian Government and six newly created Noongar Regional Corporations representing the six individual Indigenous Land Use Agreements and supported by the South West Aboriginal Land and Sea Council appointed in 2021.



DELIVERING CULTURALLY APPROPRIATE SERVICES TO ABORIGINAL CHILDREN, FAMILIES AND COMMUNITIES

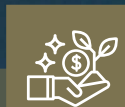
The 10-year Aboriginal Community Controlled Organisation (ACCO) Strategy launched in August 2022 is designed to improve services provided to Aboriginal children, families and communities and increase capacity to deliver more culturally appropriate services. The strategy, which is built around the three core pillars of Cultural Safety and Governance; Partnerships; and Economic Opportunities, recognises that when Aboriginal people provide place-based, locally led and culturally safe services to Aboriginal people, the outcomes are far better, which is reflected in Implementation Plan One extending to 2024. Future implementation plans will ensure the Strategy remains responsive to new priorities and challenges faced as the ACCO sector is strengthened.



GOVERNANCE

Elizabeth Quay, Perth. Photo courtesy of Tourism Western Australia.

EFFICIENT AND COORDINATED INSTITUTIONS



GOVERNMENT LEADERSHIP IN TACKLING MODERN SLAVERY

The Western Australian Debarment Regime, introduced in 2022 and being the first of its kind in Australia, establishes grounds and processes through which a supplier can be excluded from doing business with the Western Australian Government, and allows government to work with suppliers to improve their business practices. Further, in the second half of 2023 the Western Australian Government intends to pilot test inclusion of an 'anti-slavery clause' on contracts for goods and services procurement of medium to high value and risk. The new anti-slavery clause will include supplier obligations to meet applicable modern slavery law and assist with supply chain due diligence.



CLIMATE RISK FRAMEWORK

Progress continues on development of the Western Australian Government's Climate Risk Framework, to develop State agencies' capacity to assess, manage and report on the implications of climate change on the State's finances, infrastructure, physical assets and service delivery. A two-year pilot program to evolve and apply the Framework will commence on 1 July 2023 with participation from eight agencies with material climate risk exposures. Learnings from the pilot will be used to develop public disclosure at a whole-of-government level.



SUSTAINABILITY BOND FRAMEWORK AND INAUGURAL GREEN BOND ISSUANCE

In May 2023 the Western Australian Treasury Corporation (WATC) released its Sustainability Bond Framework (Framework) supported by an extensive Second Party Opinion (SPO) from global ESG research firm Sustainalytics. The SPO verified that expenditures on a broad range of projects and activities approved through the Western Australian State Budget that WATC bond issuance supports financing meet the International Capital Markets Green and Social Bond Principles.

A Western Australian Government decision was made that WATC's inaugural ESG labelled issuance under the Framework should be a green bond, focusing on forward looking projects that will accelerate climate action in areas the Western Australian Government can directly influence through transformational investments of large scale.

The Green Bond, issued on 8 June, was extremely well received by the market. It was more than three times oversubscribed including many new investors in WATC paper and a number of specific green bond portfolio investors. This clearly demonstrated a high level of investor confidence in the Western Australian Government's ESG direction and performance.

Image above - Whale Shark, Ningaloo Reef. Photo courtesy of Tourism Australia.

CONTACT US

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